Supreme Court, U. S.
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IN THE

Supreme Court of the United States

October Term, 1976

No. 76-1697

MacDERMID INCORPORATED,

Petitioner,

vs.

SOUTHERN CALIFORNIA CHEMICAL CO., INC.,

Respondent.

PETITIONER'S REPLY AND SUPPLEMENTAL BRIEF

ALBERT E. FEY
Attorney for Petitioner
FISH & NEAVE
277 Park Avenue
New York, N.Y. 10017

Of Counsel:

LARS I. KULLESEID
DAVID J. LEE
FISH & NEAVE
277 Park Avenue
New York, N.Y. 10017

August 18, 1977

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Petitioner submits this Reply and Supplemental Brief in support of its petition for a writ of certiorari in this proceeding. The lack of substance to respondent's Brief in Opposition* and recent decisions confirming the importance of the issues raised by this petition merit a few, brief comments.

Respondent's chief argument appears to be that the result in this case "*would be* the same on independent grounds separate from the alleged conflicts asserted by petitioner" (Brief, 4) (emphasis added). As respondent thereby concedes, the decisions below are not now based on

* Hereinafter referred to as "Brief". Other abbreviations used herein are defined in our petition.

such "independent grounds." That is certainly our view. *Robbins* was the sole and exclusive basis for the decisions below, as is amply clear from the opinion of the Ninth Circuit (Op. 6a-8a) and the Findings of the District Court (Finding of Fact 8; 17a-18a). Thus, respondent's contention that the result "would be the same on independent grounds" is sheer conjecture.

Respondent's assertion that "petitioner did not offer any persuasive evidence at trial" on the issue of experimental use (Brief, 3) is indefensible. Petitioner introduced a wealth of evidence of experimental use. Whatever the pertinence of that evidence under *Robbins*, it is unquestionably significant and persuasive under the legal principles established by this Court and followed by other Circuits.

A sampling of the proof of the experimental nature of petitioner's activities includes evidence that

(1) petitioner's transactions with respect to the small quantities of metal-stripping solution at issue were part of a field testing program,

(2) the type of field testing conducted by petitioner —in customers' plants under actual working conditions —was the common practice in the metal-stripping industry and essential to the development of any new metal-stripping solution (based on admissions by respondent's own president and director of research),

(3) respondent's president considered activities at the plants of *respondent's* customers relating to solutions newly developed by *respondent* to be field tests, even though the solutions so used were paid for by the customers,

(4) petitioner conducted its field tests at the plants of customers with whom it had long-standing relationships of a sort that gave petitioner good reason to believe that those customers would conduct its tests as petitioner desired,

(5) petitioner monitored the field tests,

(6) petitioner used, both internally and in its communications with customers, an "X" designation for its new solution, a designation specially reserved by petitioner for experimental products,*

(7) use of the "X" designation was discontinued after petitioner began commercial marketing of the solution, and

(8) with the exception of a single transaction with IBM (who paid for test solution in conformity with its practice of maintaining total independence from its suppliers), there was no proof introduced at trial that any of petitioner's customers paid for test solution they received.

The above and other evidence was rejected by the District Court on the authority of *Robbins*.** Respondent's citation to the District Court's Findings of Fact—which respondent drafted—is consequently unfair and of little use to this Court. The Findings are based on a mere frac-

* Respondent makes much of the fact that an employee of one of petitioner's former customers testified that he did not know what the "X" stood for (Brief, 5-6). However, it is petitioner's purpose that is determinative, not the state of mind of one of its customers. *Smith and Griggs*, 123 U.S. at 256.

** Petitioner's evidence on experimental use was received by the District Court in the absence of any objection by respondent based on *Robbins*.

tion of the evidence which the District Court would have considered under proper legal standards less restrictive than the *Robbins* rule.

Respondent apparently has little else to say in response to the arguments made in our petition. Of conspicuous significance is respondent's failure to defend the *Robbins* case or dispute the existence of the numerous decisional conflicts discussed in our petition. Respondent's only attempt to harmonize *Robbins* with decisions of other Circuits is to suggest that the emphatic, unmistakable rejection of *Robbins* by the Fifth Circuit in *Yarn Processing* was "not necessary to the decision," and that the *Yarn Processing* decision "would be the same" under the *Robbins* rule (Brief, 5). This is groundless speculation.*

More important is respondent's failure to contend that the decision in the present case, based on *Robbins*, would have been the same under *Yarn Processing*. Under *Yarn Processing*, the Courts below would not have ignored the proof of experimentation offered by petitioner because of the absence of some contractual provision expressing the experimental nature of petitioner's activity.**

* By its statement that "[*e*]*ven* under the *Robbins* rule . . . the *In re Yarn* decision would be the same" (Brief, 5) (emphasis added), respondent unwittingly acknowledges that *Robbins* is indeed different from *Yarn Processing*.

** Respondent's claim that the District Court in this case followed both *Robbins* "and *In re Yarn Processing Patent Validity Litigation*" (Brief, 2) is preposterous and misleading. Those decisions are in conflict as to virtually every aspect of the experimental use doctrine. Furthermore, *Yarn Processing* had not even been decided at the time of the District Court's decision in this case.

Equally misleading is respondent's emphasis that the decision of the Court of Appeals in this case was "unanimous" (Brief, 1). Respondent fails to acknowledge that Judge Hufstedler's opinion criti-

(footnote continued on next page)

Respondent inadvertently emphasizes many of the points made in our petition. For example, respondent cites repeatedly to Finding of Fact 22 (21a)(Brief, 6n, 7, 8). That Finding rejected "market acceptance testing" as permissible under the experimental use doctrine, clearly contradicting cases in the Second and Fifth Circuits (Petition, 16-18).

Similarly, respondent cites *Egbert* v. *Lippmann*, 104 U.S. 333 (1881) (Brief, 7-8), a case which suggested that a use could be excused as experimental only if made "*solely* to test the qualities of the invention." 104 U.S. at 336 (emphasis added). While that language was implicitly rejected by this Court in *Smith and Griggs*, the Circuits nonetheless have continued to differ on whether activity exempt from Section 102(b) need be solely or merely substantially for an experimental purpose.

In closing, respondent asserts that our petition "merely seeks a review of a factual matter . . . important only to the litigants" (Brief, 8). The best answer to that is provided by two recent decisions in the Ninth Circuit. In *Reino Honkanen* v. *Pittman Products, Inc.*, C.A. 76-2294 LEW (C.D. Cal., April 22, 1977), summary judgment of invalidity was granted based on a mechanical application of *Robbins* where a "catalog, offers for sale and sales . . . did not contain an express or implied condition that the sales or offerings for sale were made primarily for experimental

cizes *Robbins* as "unnecessarily restrictive" and points out that the Ninth Circuit rules compelled adherence to the earlier *Robbins* decision (Op. 8a).

use."* And in *Johns-Manville Corporation* v. *Certain-Teed Corporation*, CV 74-770-WMB (C.D. Cal., May 16, 1977),** the same District Judge who heard this case followed *Robbins* in holding a patent invalid because an executory sales contract "did not include an express or implied condition for experimental use, and [the] primary purpose was commercial." The important and recurring nature of the issue raised by our petition is further confirmed by the fact that the present case, *Robbins*, and *Yarn Processing* all arose within a few years of one another.

Respectfully submitted,

ALBERT E. FEY
Attorney for Petitioner
FISH & NEAVE
277 Park Avenue
New York, N.Y. 10017

Of Counsel:

LARS I. KULLESEID
DAVID J. LEE
FISH & NEAVE
277 Park Avenue
New York, N.Y. 10017

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* As concluded by the District Court:

"1. A sale or an offering for sale precludes any inquiry into the experimental nature of the sale unless the contract of sale or the offering for sale contains an express or clearly implied condition that the sale or offering is made primarily for experimental use. *Robbins* . . .

"2. In cases where the exceptions did not appear in the sale or offering for sale, summary judgment is permissible and proper. *Robbins* . . ."

** The *Johns-Manville* and *Honkanen* decisions are not yet reported. The *Johns-Manville* decision appears in summary form at pages A-14 through A-16 of the June 16, 1977 edition (No. 333) of PATENT, TRADEMARK & COPYRIGHT JOURNAL (BNA), and the *Honkanen* decision appears in summary form at pages A-18 and A-19 of the July 28, 1977 edition (No. 338) of PATENT, TRADEMARK & COPYRIGHT JOURNAL (BNA).